

South Carolina School for the Deaf and the Blind
Spartanburg, South Carolina
State Auditor's Report
June 30, 2020



Independent Accountant's Report on Apply Agreed-Upon Procedures

July 15, 2021

Ms. Jolene Madison, President
and
Members of the Board
South Carolina School for the Deaf and the Blind
Spartanburg, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina School for the Deaf and the Blind (the School) for the fiscal year ended June 30, 2020. The School's management is responsible for the systems, processes and behaviors related to financial activity.

The School's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the School for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the School's management. Management of the School has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the School and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the governing body and management of the South Carolina School of the Deaf and the Blind, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

South Carolina Office of the State Auditor**Agreed - Upon Procedures Related to South Carolina School for the Deaf and the Blind (H75)****Cash Disbursements/Non-payroll Expenditures**

1. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by School procedures and invoice(s) agree(s) with general ledger as to vendor, amount, invoice number, and date.
 - All supporting documents and approvals are present and agree with the invoice.
 - The transaction is an expenditure of the School.
 - The transaction is properly classified in the general ledger.
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy.

For federally funded cash disbursements/non-payroll expenditures, inspect supporting documentation to determine:

 - Charges are in accordance with the requirements of the program, incurred during the approved grant period, and applied uniformly to both federally assisted and other activities of the recipient.
2. Haphazardly select five purchasing card transactions from the Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with School policies.
 - The purchase is authorized based on the cardholder's job title/position
 - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
 - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

Finding

For three purchasing card statements inspected, the monthly purchase statement was not signed by the cardholder and/or supervisor. A similar finding was reported in the 2019 State Auditor's Report.

Management's Response

Management has strengthened its policies and procedures regarding purchasing cards, including instructing staff and applicable supervisors not to process/approve purchase summaries that are not properly signed. Staff have also received additional training in this area to ensure policies are followed. Management has reiterated to supervisors of card holders the importance of and the requirement for their approval of purchase summaries.

Payroll

3. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the School's policies and procedures and that their last paycheck, including any leave payout, was properly calculated in accordance with applicable State law.

We found no exceptions as a result of this procedure.

Reporting Packages

4. Inspect fiscal year end reporting packages submitted to the CG. Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) and School prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.

Reporting Packages (Continued)

5. In addition to the procedure above, perform the following:

- Cash and Investments Reporting Package

Agree amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting – Cash and Investments* report and School prepared records. Agree amounts to State Treasurer's Office Composite Bank Account reports and year end reconciliations.

- Inventory Reporting Package

Agree amounts to the SCEIS *Yearend Reporting – Inventory* report. In addition, agree the School's reconciliation of physical inventory to the SCEIS general ledger and School prepared records.

- Operating Leases Reporting Package

Agree amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting – Operating Lease Expense with Vendor* report and School prepared records. In addition, based on inspection of invoices and lease agreements, determine that rental payments are properly classified, coded, and calculated by inspecting and recalculating the following reported amounts: (1) Five haphazardly selected contingent rental payments; (2) Five haphazardly selected payments in the remaining payment classifications (One Time or Unusual in Nature Rental Payments and Other Detailed Rental Charges); and (3) The future minimum rental payments for five haphazardly selected leases. In addition, determine that the School submitted copies of all leases to the CG in accordance with the CG's Reporting Package instructions.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger.

Finding

Inventory Reporting Package – Amounts reported on the Inventory Summary Form for vehicle parts and tires were as of August 4, 2020, the date the School completed its inventory count. State policy requires agencies take a physical count between April 1 and year-end. A similar finding was reported in the 2019 State Auditor's Report.

Management's Response

The School's campus was closed as a result of the Governor's Executive Order 2020-23, which closed all public schools for the duration of the state of emergency. This restricted the ability of non-essential personnel to perform a physical inventory. We started conducting the inventory as soon as the School's campus reopened on April 1, 2021.

Composite Reservoir Accounts

6. Determine that the School submitted the required Bank Account Transparency and Accountability Report to the State Fiscal Accountability Authority by October first of the fiscal year in accordance with Proviso 117.82 of the fiscal year 2020 Appropriation Act.

7. Obtain fiscal year monthly reconciliations for the composite reservoir account, select two reconciliations, and perform the following procedures:

- Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with School procedures.
- Agree applicable amounts from reconciliations to the general ledger.
- Agree applicable amounts from reconciliations to the State Treasurer's Office monthly reports.
- Determine if reconciling differences were explained and resolved.
- Determine if adjusting entries were made in the accounting records.

Composite Reservoir Accounts (Continued)

8. Haphazardly select and inspect five composite reservoir account receipts to determine that they were properly described and classified in the accounting records and that they were recorded in the proper fiscal year.
9. Haphazardly select and inspect five composite reservoir account disbursements to determine that they were properly classified in the accounting records, were disbursements of the School, and that goods and/or services were procured in accordance with School procedures.

We found no exceptions as a result of these procedures.

Assets and Personal Property

10. Haphazardly select five capital asset acquisitions and inspect supporting documentation to determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
11. Haphazardly select five capital asset retirements and inspect supporting documentation to determine that each asset was approved for removal and removed from the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
12. Through inquiry of management and inspection of supporting documentation, determine that an inventory of School property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

Finding

The School did not complete an inventory of personal property in fiscal year 2020 as required by South Carolina Code of Laws Section 10-1-40.

Management's Response

The School's campus was closed as a result of the Governor's Executive Order 2020-23, which closed all public schools for the duration of the state of emergency. This restricted the ability of non-essential personnel to perform a physical inventory of personal property. We started conducting the inventory as soon as the School's campus reopened on April 1, 2021.

Fiscal Monitoring of Schools

13. Inquire of management regarding any investigation, audit or review associated with the School which was ongoing or completed during the fiscal year. Inspect reports of any completed investigation, audit or review associated with the School to determine impact on our agreed upon procedures.
14. Obtain a trial balance for the School for the current and prior fiscal year. Haphazardly select two balances from the trial balances and inspect supporting documentation to determine that the balances are properly recorded and classified on the trial balance.
15. Inspect budget allocations for the current year and the prior year to determine consistent budgeting to support the School.
16. Compare total revenues to total expenditures for the current fiscal year for the School and obtain an explanation from management if the School's expenditures exceeded revenues and appropriations.
17. Through inquiry of management, determine and document the School's reserves/funding to maintain operations if an emergency or budget shortfall should occur.

We found no exceptions as a result of these procedures.

School-Specific Provisos

18. Determine compliance with School-specific state provisos 6.11 (USC-Upstate Visual Impairment Master of Education Program) and 6.15 (Early Childhood Center) of the fiscal year 2020 Appropriation Act by inquiring with management and observing supporting documentation.

We found no exceptions as a result of this procedure.

Status of Prior Findings

19. Through inquiry of management and inspection of supporting documentation, determine the School has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We determined that the School took appropriate corrective action on all prior year findings except for similar findings regarding purchasing cards and inventory counts. See findings at **Cash Disbursements/Non-payroll Expenditures** and **Reporting Packages**.